



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0403	Title:	Revise property tax exemption for disabled veterans
Primary Sponsor:	Lind, Greg	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$6,737)	(\$7,002)	(\$7,278)	(\$7,565)
State Special Revenue	(\$423)	(\$440)	(\$457)	(\$475)
Net Impact-General Fund Balance	<u>(\$6,737)</u>	<u>(\$7,002)</u>	<u>(\$7,278)</u>	<u>(\$7,565)</u>

Description of fiscal impact:

The bill increases the disabled or deceased veteran land exemption from a residence and lot to a residence and up to 5 appurtenant acres. This will remove property from the tax base and decrease property tax revenue received by the taxing jurisdictions which levy mills.

FISCAL ANALYSIS

Assumptions:

1. SB 403 is applicable beginning in calendar year 2007.
2. The fiscal note assumes "appurtenant land" includes class 3, class 4, and class 10 land adjacent to currently exempted veteran's property and owned by the veteran.
3. Current law exempts owner-occupied residence and lot (15-6-211, MCA). This fiscal note assumes "lot" includes appurtenant property up to one acre. Under this assumption, SB 403 would exempt up to four additional acres for qualifying veterans.
4. In calendar year 2006, there were 442 properties that would be affected by SB 403.
5. Based on calendar year 2006, under SB 403, the total taxable value will decrease by \$67,827.

6. Of the affected properties, 5% of the difference in taxable value is attributable to class 3 property, 95% of the difference in taxable value is attributable to class 4 property, and none of the difference is attributable to class 10 property.
7. From HJR 2, the estimated growth in taxable value of class 3 property is zero in calendar year 2007 and calendar year 2008. The estimated increase in taxable value of class 4 property is 4.15% in calendar year 2007 and 4.15% in calendar year 2008. The weighted average increase in the difference in taxable value of properties affected by proposed law is 3.94% in calendar years 2007 through 2010 (4.15% x 0.95).
8. Under SB 403, the projected difference in taxable value of the affected properties is \$70,499 (\$67,827 x 1.0394), in calendar year 2007, \$73,277 (\$70,499 x 1.0394) in calendar year 2008, \$76,164 (\$73,277 x 1.0394) in calendar year 2009, and \$79,165 (\$76,164 x 1.0394) in calendar year 2010.
9. Using the calendar year 2006 consolidated mill levies from levy districts associated with the affected properties, the average general fund levy in calendar year 2006 is 95.56 mills.
10. Under SB 403, the projected general fund revenue loss associated with the affected properties is \$6,737 (\$70,499 x 0.09556) in FY 2008, \$7,002 (\$73,277 x 0.09556) in FY 2009, \$7,278 (\$76,164 x 0.09556) in FY 2010, and \$7,565 (\$79,165 x 0.09556) in FY 2011.
11. Under proposed law, projected university system 6 mill revenue loss associated with affected properties is \$423 (\$70,499 x 0.006) in FY 2008, \$440 (\$73,277 x 0.006) in FY 2009, \$457 (\$76,164 x 0.006) in FY 2010, and \$475 (\$79,165 x 0.006) in FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Revenues:</u>				
General Fund (01)	(\$6,737)	(\$7,002)	(\$7,278)	(\$7,565)
State Special Revenue (02)	(\$423)	(\$440)	(\$457)	(\$475)
TOTAL Revenues	(\$7,160)	(\$7,442)	(\$7,735)	(\$8,040)

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$6,737)	(\$7,002)	(\$7,278)	(\$7,565)
State Special Revenue (02)	(\$423)	(\$440)	(\$457)	(\$475)

Effect on County or Other Local Revenues or Expenditures:

1. Using tax year 2006 consolidated mill levies from the affected levy districts weighted by the difference in taxable value from each property, the weighted average local mill levy in calendar year 2006 is 404.32.
2. Increasing the previous average local mills levied figure of 404.32 by an assumed average increase in mills levied of 4%, projected average local mills levied is 420.49 in tax year 2007, 437.31 in tax year 2008, 454.81 in calendar year 2009, and 473.00 in calendar year 2010.
3. The projected local revenue impact is \$29,644 (\$70,499 x 0.42049) in FY 2008, \$32,045 (\$73,277 x 0.43731) in FY 2009, \$34,640 (\$76,164 x 0.45481) in FY 2010, and \$37,445 (\$79,165 x 0.47300) in FY 2011.

Long-Range Impacts:

1. The loss to the property tax base and consequent revenue loss will be ongoing.

Sponsor's Initials

Date

Budget Director's Initials

Date

